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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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COMMISSIONERS

GARY PIERCE - CHAIRMAN
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
CHINO MEADOWS II WATER COMPANY
FOR A RATE INCREASE.

DOCKET NO. W-02370A-10-0519

**STAFF'S NOTICE OF FILING RESPONSE
TO COMPANY PROPOSAL AND
REQUEST FOR PROCEDURAL ORDER**

During the hearing in the above captioned matter, Chino Meadows II Water Co., Inc. ("Company") presented for the first time its position on the resolution of the issue regarding the allocation between the Company and its affiliate Granite Mountain Water Company, Inc. ("Granite Mountain"). *See* Exhibit A-5. The Company proposes to accept Staff's \$19,563 allocation of salaries as well as introduces three new offsets for transportation, insurance and payroll tax allocations. The Company also proposes a three year rate case expense amortization period in light of its anticipation that the Company's next general rate case filing would be in 2013 and utilize a full test year under the rates that are approved in this proceeding.

Staff has considered the Company's proposal and finds it an acceptable resolution to the allocation issue in this case. Staff's acceptance is contingent on the Company's commitment to file its next general rate case at the same time as the filing of the next rate case for its sister utility, Granite Mountain. It is Staff's understanding that synchronizing the filings of the Company and Granite Mountain under the scenario described by the Company may necessitate an appropriate extension of the filing deadline for Granite Mountain which Staff accepts.

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1 In light of Staff's acceptance of the Company's position, Staff will need to file revised post-
2 hearing schedules that reflect these position changes. Staff anticipates requiring three weeks to
3 produce the revised schedules. Consequently, Staff requests a procedural order setting the deadline
4 for filing post-hearing revised Staff schedules for November 9, 2011.

5 RESPECTFULLY SUBMITTED this 19th day of October, 2011.

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7 
8 Charles H. Hains
9 Attorney, Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007
13 (602) 542-3402

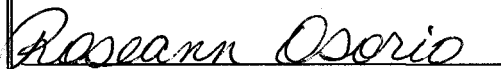
11 **Original and thirteen (13) copies of**
12 **the foregoing filed this 19th day of**
13 **October, 2011, with:**

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

16 **Copy of the foregoing mailed this**
17 **19th day of October, 2011, to:**

18 Paul D. Levie, President
19 Matthew Lauterbach
20 CHINO MEADOWS II WATER CO.
21 2465 Shane Drive
22 Prescott, Arizona 86305

21 Craig A. Marks
22 CRAIG A. MARKS PLC
23 10645 N. Tatum Blvd. Suite 200-676
24 Phoenix, Arizona 85028

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